

# Memorandum

To: Panel Members

From: Ron Tagami, Manager  
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **Glendale Community College Professional Development Center (GCCPDC)**  
(www.pdcgcc.com)

Date: December 13, 2001

Analyst: J. Johnson

## CONTRACTOR:

- Multiple Employer: Training Agency
- Training Project Profile: Retraining: companies w/out-of-state competition and SET: workers earning at least the state average minimum wage
- Legislative Priorities: Moving to a High Performance Workplace  
Workers in danger of being displaced  
Promotion of California's manufacturing workforce
- Type of Industry: Various Industries
- Repeat Contractor: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: Shopmen's Local 509; Cabinet Makers, Millmen and Industrial Carpenters Local 721; International Association of Machinists and Aerospace Workers Lodge 94 and 725; United Auto Workers, Local 5, 179 and 887; and Sheet Metal Workers Local 108

## CONTRACT:

- Program Costs: \$1,848,000
- Substantial Contribution: \$0
- Multiple Employer Support (8%) \$127,920
- Total ETP Funding: \$1,975,920
- In-Kind Contribution: \$1,334,000
- Maximum Contractor Charge: \$100 per trainee

- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles, Orange, Ventura, San Diego, San Bernardino, Riverside
- Duration of Agreement: 24 months

**TRAINING PLAN:**

- Average Cost Trainee: New Hire: Retrainee: \$1,475
- Type(s) of Training: Continuous Improvement/Computer Skills/HazMat/CADCAM
- Number to be retained: New Hire: Retrainee: 1,340
- Range of hours: 60-200
- Prevalent hourly wage: \$18.10
- Range of hourly wages: \$10.58 to \$30.00
- Health benefits used to meet ETP minimum wage: Yes. Health benefits may be added to meet the ETP minimum and SET wage requirements for Riverside, San Bernardino, Ventura, San Diego, Los Angeles, and Orange Counties.

**SUBCONTRACTORS:** N/A

**THIRD PARTY SERVICES:**

Steve Duscha Advisories assisted with the preparation of the application at no charge to the Contractor.

**PRIOR PROJECTS:**

The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

Agreement No.	Location (City)	Term	Agreement Amount	Amount Earned	% Earned
ET00-0177	Montrose	12/29/99 – 12/28/01	\$2,705,425	\$1,372,364	50%
ET9-0847	Montrose	09/24/98 – 09/23/00	\$2,586,782	\$2,542,120	98%
ET7-0071	Montrose	12/31/96 – 12/30/98	\$3,064,659	\$2,837,694	93%
G50-1334	Montrose	06/30/95 – 06/29/97	\$4,468,750	\$4,423,250	99%

### **ACTIVE PROJECTS:**

The following are current project statistics:

Agreement No.	Term	Agreement Amount	Number To be Retained	Number Enrolled	Number Completed Training	Number Hired (Complete for new hires only)	Number retained for 90 days
ET00-0177	12/29/99-12/28/2001	\$2,705,425	1976	2077	2017	N/A	1574
ET01-0185	12/20/00-12/19/02	\$1,307,412	957	443	0	N/A	0

Enrollments for both of the above projects are consistent with the Contractor's training schedule. The Contractor anticipates 100 percent completion of both training and the retention period for both active projects.

### **NARRATIVE:**

This is the 27<sup>th</sup> Agreement between Glendale Community College Professional Development Center and the Panel.

This Contractor is eligible to provide training as a repeat multiple employer contractor under Title 22, California Code of Regulations (CCR), Sections 4400(z), 4426, and 4445(c). A portion of the funding for this project will utilize S.E.T. funds under the Unemployment Insurance Code, Section 10214.5 (a)(1), to support retraining for 72 frontline workers in occupations which pay 95% of the state average hourly wage in businesses difficult to serve under the Panel's standard project format.

Glendale Community College (GCC) provides customized, job-specific training for business and workers through its Professional Development Center (PDC). GCC has trained 24,000 workers from 3,600 Southern California employers in its 16-year history of providing ETP-funded training. Following is a summary of workers trained and employers served in the last year:

	Number of Companies	Percentage of Small Employers
1 to 100 workers	182	60%
101 to 250 workers	56	19%
Small businesses (under 250)	238	79%
251 to 500 workers	26	9%
Over 500 workers	38	12%
Total all businesses	302	100%

Due to demand, GCC continues to offer Computer Skills (Office Automation and AutoCAD), Continuous Improvement Skills (Quality Systems & Leadership), and Hazardous Materials & Safety Training. Further, GCC will seek approval under this project to add Computer Assisted Drafting and Computer-Assisted Machining (CAD/CAM) used for computer numerically controlled (CNC) machining applications.

While GCCPDC has a long and successful history with the Panel in providing Computer Skills, Continuous Improvement, and HazMat training, CAD/CAM has never before been offered at the PDC. California manufacturers are facing new challenges to increase efficiency and reduce costs or risk losing their competitive edge to out-of-state and foreign companies. Customers are demanding faster and faster product development and manufacturing cycle times.

**NARRATIVE:** (continued)

The advanced technology of CAD/CAM will be offered to companies that have upgraded their machine tooling technology and capabilities in order to keep pace with customer requirements for faster product development and shorter production lead times.

Trainees will be workers with significant experience in blueprint reading, shop math, manufacturing tooling and general machine shop practices who will now learn CAD software to develop solid model geometry for complex machined components and then integrate the CAD data with CAM software to develop the cutter path programming for multi-axis machining tools.

The CAD/CAM training is comprised of first developing the skills to produce 3-D solid models of complex machine parts followed by integration of the models into CAM software to develop the tool paths and specific programming for CNC milling and turning centers and, finally, creation of the designed parts on the computer.

Historically, on-site training has been provided at approximately ten companies concurrently. All Continuous Improvement training and most of the Computer Skills training is conducted at the participating employer's facilities. On-site Computer Skills training includes the set-up and staffing of computer labs for client companies. CAD/CAM training will be conducted at a new manufacturing laboratory at the PDC facility in Montrose. SOST is offered at each employer's facility as part of both on-site and center-based training. For center-based courses, GCC also offers employers the option of sending workers to SOST sessions at one of the training centers. Due to worker needs and/or work environments, some trainees benefit more from SOST at a central location. GCC offers SOST with every program because it is the best way to ensure trainees directly apply new skills to job tasks specific to their work environments which is the purpose of the training.

**Multiple Employer Contractor Certification**

**Marketing Plan** – Recruitment of employers to participate in the training program is conducted through personal contacts, telephone calls, mailings, and e-mail exclusively directed toward companies, rather than individuals. A large portion of potential clients are referrals from existing clients.

GCC determines employer need for training based on a pre-training, structured assessment and screening process. The methods GCC uses to ensure employer participation and customization of training on-site classes include:

- structured training needs assessments of workers involving both management and the workers.
- written assurance- that only those workers who use the training in their daily work will be included in the training.
- employers must provide training room to be available throughout the training period.
- employers must agree to release workers for training held during normal work hours.
- employers must provide a specific SOST schedule.
- trainees must work with GCC trainers on actual work projects during SOST.

**NARRATIVE:** (continued)

**Participating Employer Eligibility** – All employers participating must meet the following three criteria: 1) must be a manufacturer or other company facing out-of-state competition. (up to 15 percent of the trainees in this project may be from service companies eligible for S.E.T. funding for frontline workers); 2) must agree to participate actively in the training for on-site and/or center-based training; and 3) must certify eligibility for funding under one of the three ETP eligibility categories.

**Employer Participation in Curriculum Development and Employer Feedback** – The core curriculum has been developed by GCC over the past 16 years. It is continually adapted based on the experience and needs of employers and their employees as well as the experience of the GCC instructors.

Specific training materials for each employer are developed through the assessment process. Employers provide feedback during the assessment and are also interviewed periodically during training. Trainees also complete surveys of the effectiveness of the training relative to their specific jobs.

**Justification for Higher Costs** – The \$3,510 cost per trainee for the 120 trainees receiving CAD/CAM is based on the fixed-fee rate of \$20 per hour. According to industry representatives, a program of 140 hours of classroom and 60 hours of SOST is required for the trainees to learn the full capabilities of these advanced technology systems.

**Supplemental Nature of Training** – In most cases, GCC training is the first structured, comprehensive training in which these employers have participated. Prior training has been limited to informal on-the-job training and, in some cases, off-site seminars. For example, workers may have a self-taught working knowledge of office automation, but lack knowledge of how to set up a database to track order, create web sites, or customize a mailing list. Shop floor workers may know to look for defects, but have no understanding of how to perform a root cause analysis or how to recommend systemic process improvements. Machinists and machine operators have produced products and parts using computer numerically controlled machines, but have no experience with computer technology associated with producing 3-D models of machined parts on the computer.

**Quantifiable Commitment to Training** – The estimated participating employers' contribution towards training related costs equates to approximately \$1,334,000 which is comprised of \$1,200,000 in employee wages and \$134,000 for training materials. Employers participating in on-site training make other contributions that we have not attempted to quantify such as the cost of assigning an SOST coordinator and provision of a training room.

**Dollar Amount Charged to Participating Employers** – All participating employers will contribute \$100 per trainee for books and training materials. This fee enables GCCPDC to provide higher quality resource materials to be used during training and after training as aides and reference guides.

**Customized Center-Based Training** – About half of the Computer Skills and all of the CAD/CAM and HazMat training will take place at GCC training centers in Montrose and Granada Hills. Center-based training enables access to training for very small employers and for larger employers who need to train only a few workers. One or more of the following methods will be employed to ensure the class/lab training is customized for the participating employers:

- trainees will be interviewed to determine if skills offered are actually used in their specific job.
- supervisors are interviewed to ensure they have an understanding of the program requirements.

**NARRATIVE:** (continued)

- employers must agree to release workers to attend training.
- employers must prepare SOST schedule and follow-up to guarantee completion.
- trainees must work with GCC trainers on actual work projects during SOST.

All project administration will be provided by the Contractor.

**COMMENTS:**

GCCPDC is requesting the Advanced Technology Fixed Fee cost reimbursement for 120 trainees for training in highly sophisticated CAD/CAM software. ETP policy allows a fixed fee reimbursement rate of \$20 per hour for Advanced Technology skills training and requires a trainer to trainee ratio of 1:10 or less. Further, training will be customized to occupations which involve the production or use of sophisticated equipment and software in fields such as electronics, computers, and biotechnology.

**PROPOSED ACTION:**

Staff recommends that the Panel approve this One-Step Agreement and the Advanced Technology Fixed Fee cost reimbursement if funding is available and the project meets Panel priorities. These recommendations are based on the participating employers' stated need to provide their workers with the skills to ensure the companies' ability to remain competitive and to grow. Further, the reimbursement rate for the Advanced Technology skills training will be for 120 trainees receiving training in the use of sophisticated equipment and software associated with CAD/CAM. Implementation of this proposed training will enable the participating companies to remain viable in California.

Training Data									(c) Payment Schedule					
1	2	3	4	5 (a) Cls/Lab Video- conf.	6	7	8	9	10	11	12	13	14 (d) Wage After Reten- tion	
Job #	Occupations	Type of Training	No. Retain	Hours	CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days		
1	Machinist, Machine Operator	Multiple-Employer Retrainees CAD/CAM AT	120	140 140		60 60	\$3,508	720 720	8	\$ 877.00	\$1,754.00	\$ -	\$ 877.00	
687													*\$10.58- 30.00/hr	
2	Office Automation Specialist, Quality Systems/Leadership Specialist, CAD Specialist, HazMat Specialist	Multiple-Employer Retrainees	628	80		40	\$1,454	2512	8	\$ 363.50	\$ 727.00	\$ -	\$ 363.50	
687		Trainees will receive one or more of the following: Computer Skills Continuous Improvement Hazardous Materials		80		40		2512					*\$10.58- 30.00/hr	
3	SET Frontline Workers Only: Office Automation Specialist, Quality Systems/Leadership Specialist, CAD Specialist, HazMat Specialist	Multiple-Employer Retrainees	72	80		40	\$1,454	288	8	\$ 363.50	\$ 727.00	\$ -	\$ 363.50	
683		Trainees will receive one or more of the following: Computer Skills Continuous Improvement Hazardous Materials		80		40		288					*\$19.24- 30.00/hr	

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Training Data									(c) Payment Schedule					
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6	7	8	9	10	11	12	13	14 (d) Wage After Reten- tion	
Job #	Occupations	Type of Training	No. Retain		CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days		
4	Small Business<100: Office Automation Specialist, Quality Systems/Leadership Specialist, CAD Specialist, HazMat Specialist	Multiple-Employer Retrainees	120	80		40	\$2,053	480	8	\$ 513.25	\$1,026.50	\$ -	\$ 513.25	*\$10.58- 30.00/hr
687		Trainees will receive one or more of the following: Computer Skills Continuous Improvement Hazardous Materials		80		40		480						
5	Office Automation Specialist, Quality Systems/Leadership Specialist, CAD Specialist, HazMat Specialist	Multiple-Employer Retrainees	400	40		20	\$727	800	8	\$ 181.75	\$ 363.50	\$ -	\$ 181.75	*\$10.58- 30.00/hr
687		Trainees will receive one or more of the following: Computer Skills Continuous Improvement Hazardous Materials		40		20		800						

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Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										

**Contract Totals**

Program Cost		\$1,848,000	Total to be Retained	1340
Substantial Contribution (___%)	(-)	\$0		
Multiple-Empl. Support (8%)	(+)	\$127,920		
TOTAL ETP Funding	(=)	\$1,975,920		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
20%*	Varies		* Yes		

Location of training: All training will be conducted at the Professional Development Center's facilities in Montrose or Granada Hills and on the premises of participating employers both during and outside of work hours. Some training may be conducted on Saturdays.

Ratios: The ratio of trainers to trainees for class/lab training shall not exceed 1:20 for retrainees.

\* If Health Benefits is "YES", please explain: Health benefits may be added to the base wages of the various participating employers to meet the minimum wage requirements of \$10.58 (SET\$19.24/hr) for Riverside, San Bernardino, and Ventura Counties; \$10.66/hr (SET\$19.24/hr) for San Diego County and \$11.54/hr (SET\$19.24/hr) for Los Angeles and Orange Counties.

Turnover: The employers participating in this project shall meet the turnover rate specified in Regulation 4417 "Secure Jobs". Turnover shall not exceed 20% annually, unless the participating employer can provide information that the company has experienced a singular reduction in workforce or other occurrence which adversely affected the turnover rate in the last calendar year.

For participating companies employing over 50 full-time workers, the percentage of managers and supervisors receiving training shall not exceed 40% of the total number of trainees participating from each company. This is not applicable to High Performance training.